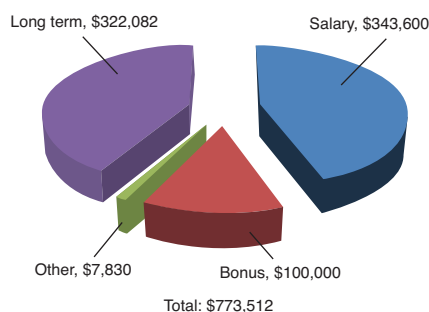


## Rising compensation for biotech R&D officers

Michael Francisco

As the biotech industry has hit profitability in recent years, with record market values and a steady drumbeat of regulatory approvals for its products, compensation for its executives has in turn climbed steadily. Whereas the global financial downturn produced a road bump that sidetracked many companies—and wrecked others—recent signs show a sector that has navigated its way back onto the highway and is picking up speed.

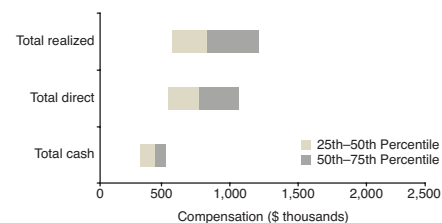
The 2013 *BioWorld Executive Compensation Report*<sup>1</sup> tracks the annual compensation for biopharmaceutical executives at 258 companies (including 55 non-US companies) based on filings submitted to the US Securities and Exchange Commission. Here we focus on R&D officers, which includes such positions as chief medical officer, chief scientific officer,



**Figure 1** Biotech R&D officers' median annual direct compensation package. Long-term incentives include but are not limited to stock option awards, restricted stock shares/units, performance stock shares/units, phantom stock shares, stock appreciation rights and long-term cash awards.

chief development officer, research executives, R&D executives, development executives and clinical development executives. **Table 1** ranks the top 20 earners, all from US companies, who earned anywhere from \$662,000 to \$2.55 million in the 2011 fiscal year. We note that the scientists ranked number 1, 6 and 14 have in the past published original research in *Nature Biotechnology*.

**Figure 1** breaks down the median direct compensation package for this group. We see that in addition to salary and bonus, long-term incentives such as stock, stock options and long-term cash awards can double total compensation for R&D officers. **Figure 2** shows



**Figure 2** Biotech R&D officers total compensation for all companies by type, measured by percentiles.

the total compensation for R&D officers at all companies, broken down into total cash compensation (base salary, bonuses, commissions, cash profit-sharing and other forms of variable cash payments), total direct compensation (total cash compensation and total fair value of all long-term incentives) and total realized direct compensation (total direct compensation and total long-term incentive value realized).

1. Anonymous. *BioWorld Executive Compensation Report 2013: Trends in C-Level Salaries and Benefits in the BioPharmaceuticals Market* (AHC Media, Atlanta, GA, 2012).

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**Table 1** Biotech R&D officers by annual compensation

Rank	Executive	Company	Salary (\$ thousands)	Bonus (\$ thousands)	Total (\$ thousands)
1	George D. Yancopoulos	Regeneron Pharmaceuticals	653	1,897	2,550
2	Roger M. Perlmutter	Amgen	982	1,427	2,409
3	Norbert W. Bischofberger	Gilead Sciences	756	794	1,550
4	Stephen P. Squinto	Alexion Pharmaceuticals	475	850	1,325
5	Douglas Williams	Biogen Idec	594	706	1,300
6	Peter Mueller	Vertex Pharmaceuticals	582	525	1,107
7	Donald G. Payan	Rigel Pharmaceuticals	522	313	836
8	Ted W. Love	Onyx Pharmaceuticals	507	329	836
9	Neil Stahl	Regeneron Pharmaceuticals	445	361	806
10	Steven Gilman	Cubist Pharmaceuticals	430	355	785
11	Elliott B. Grossbard	Rigel Pharmaceuticals	487	292	779
12	Elliot W. Ehrich	Alkermes	435	323	758
13	Thomas C. Reynolds	Seattle Genetics	411	338	749
14	Timothy P. Clackson	Ariad Pharmaceuticals	417	300	717
15	Dennis E. Hruby	SIGA Technologies	336	350	686
16	Steven Porter	InterMune	361	323	684
17	David M. Goldenberg	Immunomedics	525	158	683
18	Mohammad Azab	Astex Pharmaceuticals	448	225	673
19	Julian Adams	Infinity Pharmaceuticals	438	232	670
20	Stephen K. Doberstein	Nektar Therapeutics	420	242	662

Source: *BioWorld*